

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

RESOLUTION # 18-15

A RESOLUTION OF THE CITY OF BETHEL, ALASKA, AUTHORIZING THE ISSUANCE OF A UTILITY REVENUE REFUNDING BOND OF THE CITY IN A PRINCIPAL AMOUNT NOT TO EXCEED \$913,000 FOR PURPOSES OF REFUNDING ITS UTILITY REVENUE BOND, 2017; CREATING A LIEN ON NET REVENUES OF THE CITY'S WATER AND WASTEWATER UTILITY SYSTEM FOR PAYMENT OF THE BOND; PROVIDING FOR THE DATE, TERMS AND COVENANTS OF THE BOND; AND AUTHORIZING THE SALE OF THE BOND TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE DEPARTMENT OF AGRICULTURE, RURAL UTILITY SERVICES, PURSUANT TO THE TERMS AND CONDITIONS PROVIDED IN THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the City of Bethel, Alaska (the "City"), a second class city organized under the Constitution and laws of the State, owns and operates a water and wastewater utility as a revenue producing enterprise (the "Municipal Utility"); and

WHEREAS, monthly facility charges assessed for Municipal Utility services is segregated from all other funds of the City and may be used as matching funds for grants, loans or used as needed for capital improvements to the Municipal Utility subject to a majority vote of the City Council (the "Council"); and

WHEREAS, the Council wishes to authorize the issuance of a utility revenue refunding bond (the "Bond") in a principal amount not to exceed \$913,000 to refund its outstanding Utility Revenue Bond, 2017, the proceeds of which were used to finance needed capital improvements to the Municipal Utility; and

WHEREAS, the City, under Section 29.47.420 of the Alaska Statutes, may issue revenue refunding bonds for a public enterprise of the municipality where the only security is the revenue of the public enterprise; and

WHEREAS, the City, under Section 29.47.310 of the Alaska Statutes, may issue revenue refunding bonds by resolution or ordinance approved by a majority vote of the Council; and

WHEREAS, it is necessary, financially advantageous, and in the best interest of the City and its residents that the City provide for the issuance of the Bond to refinance capital improvements to the Municipal Utility.

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NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bethel, Alaska, as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings, unless a different meaning clearly appears from the context:

"Authorized Denomination(s)" means \$250,000 or any greater amount in \$5,000 multiples thereof, or if the principal amount is at any time less than \$250,000, the principal amount of the outstanding Bond.

"Bond" means the City of Bethel, Alaska, Utility Revenue Refunding Bond, 2018, in a principal amount not to exceed \$913,000.

"Bondholder" means the Person who owns the Bond.

"Bond Fund" means the City of Bethel Utility Revenue Bond Fund created pursuant to Section 6 of this resolution to pay and secure the payment of the Bond.

"Bond Register" means the registration books for the Bond maintained by the Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of the Registered Owner of the Bond.

"City" means the City of Bethel, Alaska, a second class municipal corporation duly organized and existing under the Constitution and laws of the State of Alaska.

"Code" means the Internal Revenue Code of 1986, as amended.

"Costs of Maintenance and Operation" means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and reasonable administrative expense with respect to the Municipal Utility, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the Municipal Utility, municipal taxes, or payments to the City in lieu of taxes.

"Council" means the City Council of the City, the general legislative authority of the City, as duly constituted from time to time, or any successor body.

"Debt Service Account" means the account of that name created within the Bond Fund pursuant to Section 6 of this resolution.

"Debt Service Reserve Account" means the Debt Service Reserve Account

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established by Section 5 hereof.

"Debt Service Reserve Requirement" means an amount equal to Thirty-Four Thousand Eight Hundred Fifty-Eight and 34/100 Dollars (\$34,858.34).

"Finance Director" means the Finance Director, or acting Finance Director, of the City or the successor to the duties of that office.

"Fiscal Year" means the Fiscal Year used by the City at any time. At the time of the passage of this resolution, the Fiscal Year is the twelve-month period beginning on July 1 and ending on June 30 of each year.

"Future Parity Bonds" means any revenue bonds of the City, other than the Bond, the principal of and interest on which are payable out of money in the Municipal Utility Revenue Fund on a parity with the payments required to be made from that Fund for the principal of and interest on the Bond.

"Government Obligations" means any bonds or other obligations that, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America.

"Letter of Conditions" means that certain letter setting forth terms and conditions relating to the purchase of the Bond, dated May 9, 2016, as amended and modified.

"Loan Resolution" means that certain loan resolution authorized and approved by the City on October 23, 2018.

"Municipal Utility" means the existing water and wastewater system of the City, as the same may be added to, improved and extended for as long as the Bond is outstanding.

"Municipal Utility Revenue Fund" means the fund of the City created by Section 5 of this resolution, into which fund all Revenues of the Municipal Utility must be paid.

"Net Revenues" means all Revenues less the Costs of Maintenance and Operations.

"Parity Bonds" means the Bond and any Future Parity Bonds.

"Person" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

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"Principal Installment" means, as of any date of calculation and with respect to any series of Parity Bonds, the principal amount of such bonds due on a certain future date.

"Purchaser" means, initially, the United States of America, acting through the Department of Agriculture, Rural Utility Services.

"Refunded Bond" means the outstanding principal amount of the City's Utility Revenue Bond, 2017, authorized and issued pursuant to the Resolution No. 17-89, approved by the Council on October 24, 2017.

"Registrar" means the Finance Director, or her/his designee, for the purposes of registering and authenticating the Bond, maintaining the Bond Register, and paying principal of and interest on the Bond.

"Registered Owner" means the person in whose name the Bond is registered on the Bond Register, initially United States of America, acting through the Department of Agriculture, Rural Utility Services.

"Revenues" means all gross earnings, revenue and money received from or on account of the operation of the Municipal Utility, including income from the investment of any funds of the Municipal Utility (but excluding income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of defeasance or refunding).

"Short-Lived Asset Reserve Account" means the Short-Lived Asset Reserve Account established by Section 6 hereof.

"Short-Lived Asset Reserve Requirement" means an annual amount equal to Three Hundred Sixty-Five Thousand Six Hundred Fifty Dollars and No/100 (\$365,550.00).

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice versa unless the context shall otherwise indicate. Reference to sections and other subdivisions of this resolution are to the sections and other subdivisions of this resolution as originally adopted unless expressly stated to the contrary. The headings or titles of the sections hereof, and the table of contents appended hereto, are for convenience of reference only and shall not define or limit the provisions hereof.

Section 2. Authorization of the Bond. The City shall now issue and sell the Bond in an amount not to exceed \$913,000 principal amount for purposes of refunding the Refunded

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Bond. The Bond shall be issued and sold to the Purchaser as a single bond, designated as the "City of Bethel, Alaska, Utility Revenue Refunding Bond, 2018." The Bond shall be sold to the Purchaser pursuant to the terms of this resolution, the Loan Resolution and the Letter of Conditions. The Bond will be dated as of the date of delivery of the Bond to the Purchaser, will mature on a date no later than December 31, 2058, will be fully registered as to both principal and interest, will be identified in such manner as the Registrar shall determine, will bear interest at the rate or rates and be payable on the dates as established by the City Manager in accordance with Section 17 hereof.

The Bond shall bear interest from the date of issuance at a fixed rate of interest determined by the City Manager pursuant to Section 17 hereof; provided, however, in no event shall the fixed rate of interest exceed three percent (3%). Interest on the Bond will be computed on the basis of a 365-day year consisting of twelve 30-day months.

Principal of, and interest on, the Bond, and all other amounts which may be payable in connection with the Bond, are payable solely from Net Revenues of the Municipal Utility and neither the full faith and credit or taxing power of the City are pledged for their payment.

Section 3. Registration, Payment and Transfer. The Finance Director, or her/his designee, shall act as authenticating agent, transfer agent, paying agent and registrar for the Bond (collectively, the "Registrar"). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Interest on the Bond shall be paid by check or draft of the Registrar mailed (on the date such interest is due) to the Registered Owner or nominee at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bond shall be payable upon presentation and surrender of the Bond to the Registrar by the Registered Owner or nominee at the office of the Registrar in Bethel, Alaska.

The Bond may be transferred only on the Bond Register maintained by the Registrar for that purpose upon the surrender thereof by the Registered Owner or nominee or its duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of Authorized Denomination, of equal principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Upon surrender thereof to the Registrar, the Bond is interchangeable for a bond or bonds of Authorized Denominations, of an equal aggregate principal amount and of the same interest rates and principal payment amounts as the Bond. Such transfer or exchange shall be without cost to the Registered Owner or transferee.

Notwithstanding the foregoing, the Bond may only be transferred in Authorized Denominations and must be in compliance with the securities laws of the United States of America and only to (i) an affiliate of the Purchaser, (ii) a trust or other custodial

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arrangement established by the Purchaser, the owners of the beneficial interests in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or (iii) a person that is a qualified institutional buyer and a commercial bank having capital and surplus, determined as of the date of any transfer, of \$5,000,000,000 or more that has executed and delivered to the Purchaser and City an investor letter in the form of Exhibit A hereto. The persons and entities identified in clauses (i) and (ii) of the foregoing sentence shall be referred to as the "Eligible Transferee(s)." Notwithstanding the foregoing, if the principal amount of the outstanding Bond is less than \$250,000.00, the Bond may not be transferred to any Eligible Transferee without the prior written consent of City.

The City may deem the person in whose name the Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on the Bond and for any and all other purposes whatsoever.

Section 4. Redemption Provisions.

(a) Optional Redemption. The Bond shall be subject to optional redemption by the City, in whole or in part, at any time, without penalty. If the Bond is redeemed in part, the portion of the Bond to be redeemed shall be in an Authorized Denomination or any multiple thereof.

(b) Notice of Redemption. Notice of redemption shall be given by the City not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to the Registered Owner of the Bond at the address appearing on the Bond Register. The requirements of this section shall be deemed complied with when notice is mailed as herein provided, regardless of whether it is actually received by the owner of the Bond. Each official notice of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price payable upon such optional redemption; (iii) if less than all of the principal amount outstanding is to be redeemed, the principal amount to be redeemed; (iv) that the interest on the Bond, or on the principal amount thereof to be redeemed, designated for redemption in such notice, shall cease to accrue from and after such redemption date; and (v) that on such date there will become due and payable on the Bond the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date. In the event of a partial redemption of the Bond, the Bondholder shall reflect the principal amount of the Bond being redeemed in the Table of Partial Redemptions attached to the Bond without further action.

Section 5. Municipal Utility Revenue Fund. There is hereby created and established a special fund of the City known as the "Municipal Utility Revenue Fund," which fund is hereby authorized to be continued so long as the Bond remains outstanding, into which

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fund is deposited as collected all Revenues of the Municipal Utility, except the interest earned and income derived from investments of money in bond redemption fund and the accounts therein. The Municipal Utility Revenue Fund shall be held separate and apart from all other funds and accounts of the City, and the Revenues deposited in the Municipal Utility Revenue Fund shall be used only for the following purposes and in the following order of priority; provided, however, that any payments in lieu of taxes shall be subordinate to the payments required to be made into the Bond Fund out of the Municipal Utility Revenue Fund:

First, to pay the Costs of Maintenance and Operation;

Second, to make all payments required to be made into the Debt Service Account to pay interest on any Parity Bonds;

Third, to make all payments required to be made into the Debt Service Account to pay the principal of any Parity Bonds;

Fourth, to make all payments required to be made into the Debt Service Reserve Account;

Fifth, to make all payments required to be made into the Short Lived Asset Reserve Account;

Sixth, to make all payments required to be made into any revenue bond redemption fund, revenue warrant redemption fund, debt service account, reserve account or sinking fund account created to pay and secure the payment of the principal of and interest on any revenue bonds, or revenue warrants or other revenue obligations of the City having a lien upon the Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Municipal Utility, or for any other lawful City purposes.

Section 6. Bond Fund.

(a) *Bond Fund and Accounts Therein.* A special fund of the City known as the "City of Bethel Municipal Utility Revenue Bond Fund" (the "Bond Fund"), is hereby authorized to be created in the office of the Finance Director and is hereby authorized to be continued so long as the Bond or Future Parity Bonds remain outstanding. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of, premium, if

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any, and interest on Parity Bonds as the same shall become due and payable. The Debt Service Account has been established within the Bond Fund.

(b) *Payments into Debt Service Account.* The City hereby obligates and binds itself to set aside and pay into the Debt Service Account Net Revenues, on or before the date due, the amounts necessary to pay the principal of, premium, if any, and interest on the Bond as the same become due and payable.

Whenever and so long as the assets of the Debt Service Account are sufficient to provide money to pay when due the principal of, and interest on the Bond in full, no payments need be made into the Debt Service Account pursuant to this resolution during any period in which such excess continues.

Money in the Debt Service Account shall be held for the benefit of the owners of all Parity Bonds then outstanding and payable equally and ratably and without preference or distinction as between different series, installments or maturities.

(c) *Lien of Bond.* The amounts pledged by this resolution to be paid out of the Municipal Utility Revenue Fund into the Bond Fund and the Debt Service Account are hereby declared to be a prior lien and charge upon all the money in the Municipal Utility Revenue Fund superior to all other charges of any kind or nature, except the charges required to pay the Costs of Maintenance and Operation.

(d) *Due Regard.* The City, in fixing the amounts to be paid into the Bond Fund, has exercised due regard to the Costs of Maintenance and Operation of the Municipal Utility and the amounts necessary to pay the principal of and interest on the Bonds.

Section 7. Establishment of Reserve Fund and Accounts. A special fund of the City known as the "City of Bethel Municipal Reserve Fund" (the "Reserve Fund") is hereby authorized to be created in the office of the Finance Director and is hereby authorized to be continued so long as the Bond remains outstanding. There is hereby established within the Reserve Fund the Debt Service Reserve Account (the "Debt Service Reserve Account") and Short Lived Asset Reserve Account (the "Short Live Asset Reserve Account").

(a) *Debt Service Reserve Account.* If the amount on deposit in the Debt Service Account shall be less than the amount required to pay principal of, or interest on, the Bond on any payment date, the City shall apply amounts held in the Debt Service Reserve Account to the extent necessary to make good the deficiency subject to the written approval of the Purchaser so long as the United States of America is the Registered Owner of the Bond. If the United States of America is no longer the Registered Owner of the

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Bond, no such written approval shall be required to apply amounts held in the Debt Reserve Account for payment of principal of, and interest on, the Bond when due.

(b) *Funding of the Debt Service Reserve Account.* The City shall make annual payments, from Net Revenues, into the Debt Service Reserve Account, in an amount equal to Three Thousand Four Hundred Eighty-Five and 83/100 Dollars (\$3,485.83). Payments into the Debt Service Reserve Account shall be made annually until amounts held in the Debt Service Reserve Account satisfy the Debt Service Reserve Requirement.

At such time as amounts held in the Debt Service Reserve Account satisfy the Debt Service Reserve Requirement monthly payments may be temporarily discontinued. However, annual payments to the Debt Service Reserve Account (as described in the immediately preceding paragraph) shall resume at any time the amount held in the Debt Service Reserve Account is reduced below the Debt Service Reserve Requirement.

Amounts remaining in the Debt Service Reserve Account on the final principal installment payment date of the Bond may be used to pay the principal of and interest on the Bond or such amounts may be released to the City free and clear of any lien created by this resolution.

(c) *Short Lived Asset Reserve Account.* Amounts held in the Short-Lived Asset Reserve Fund may be used to pay for repair and or replacement of short-lived assets of the Municipal Utility.

Funding of the Short-Lived Asset Reserve Account. On an annual basis, the City shall annually deposit into the Short-Lived Asset Reserve Account, from Net Revenues, the amount of Three Hundred Sixty-Five Thousand Six Hundred Fifty and No/100 Dollars (\$365,650.00).

Amounts remaining in the Short-Lived Asset Reserve Account on the final principal installment payment date of the Bond, or earlier if the United States of America shall no longer be the Registered Owner of the Bond, shall be released to the City free and clear of any lien created by this resolution.

Section 8. Municipality Utility Covenants. The City hereby covenants with the registered owner of the Bond as follows:

(a) *Maintain in Good Order.* That it will at all times maintain and keep the Municipal Utility and all additions and improvements thereto and extensions thereof in good repair, working order and condition, and will from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that the

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business carried on in connection therewith may be properly conducted. In addition, that it will at all times operate the Municipal Utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Sale or Disposition.* That, so long as the Bond remains outstanding, it will not sell or otherwise dispose of all of the properties of the Municipal Utility unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal and interest of the outstanding Bond in accordance with the terms hereof.

(c) *Insurance.* That the City will at all times carry fire and extended coverage, commercial general liability and property damage and such other forms of insurance with responsible insurers and with policies payable to the City on such of the buildings, equipment, works, plants, facilities and properties of the Municipal Utility as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the City, to protect the Municipal Utility and the owners of the Parity Bonds against loss.

(d) *No Free Service.* That it will not furnish Municipal Utility service to any customer whatsoever free of charge.

(e) *Use of funds held in the Utility Revenue Fund.* That the City will not expend amounts held in the Municipal Utility Revenue Fund for an extensions or betterments which are not economically sound and which will not contribute to the operation of the Municipal Utility in an efficient and economical manner unless such extensions or betterments are required by law or regulatory body having valid jurisdiction.

(f) *Books and Accounts.* That the City will keep and maintain proper books and accounts with respect to the operation of the Municipal Utility and that it will cause its books and accounts to be audited annually by a certified public accounts.

(g) *Litigation.* The City shall give notice to the Bondholder of any default under the terms of this resolution and material litigation or governmental proceedings relating to the Municipal Utility within thirty (30) days following notification of the City.

Section 9. Future Parity Bonds. The City hereby covenants and agrees with the owner of the Bond for as long as it remains outstanding that the City will not create any special fund or funds for the payment of any other utility revenue bonds that will rank on a parity with or have any priority over the payments out of the Municipal Utility Revenue Fund into the Bond Fund; except that it hereby reserves the right, for the purpose of refunding

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any outstanding bonds that have a lien upon the Revenues of the Municipal Utility and/or the money in the Municipal Utility Revenue Fund, or for the purpose of acquiring, constructing and installing additions and improvements to and extensions of and making necessary replacements or other capital improvements to the Municipal Utility or any of them, to issue Future Parity Bonds and to pay into the Bond Fund amounts from the Municipal Utility Revenue Fund sufficient to pay the principal of, premium, if any, and interest on such bonds, and to maintain an adequate reserve therefor, which payments may rank equally with the payments out of the Municipal Utility Revenue Fund into the Bond Fund, upon compliance with the following conditions:

(1) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or any accounts therein.

(2) The City may issue Future Parity Bonds if, at or prior to the delivery of such Future Parity Bonds, the Finance Director shall have certified that the Net Revenues for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds equals at least 1.1 times maximum annual Debt Service on all Parity Bonds then outstanding, including the Future Parity Bonds proposed to be issued.

(3) Notwithstanding the foregoing requirements, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding bonds results in a debt service savings, the certificate or certificates required by subsection (2) of this section need not be obtained.

Section 10. Junior Lien Bond. Other than as set forth in Section 11 below, nothing contained in this resolution shall prevent the City from issuing utility revenue bonds or warrants that are a charge upon the Revenues of the Municipal Utility or the money in the Municipal Utility Revenue Fund junior, subordinate or inferior to the payments to be made into the Bond Fund, or from issuing such bonds or warrants to refund maturing bonds or warrants for the payment of which money is not otherwise available.

Section 11. Additional Debt. Notwithstanding anything contrary set forth in this resolution, for so long as the Bond is outstanding, the City shall not incur any additional debt or debt or obligation (other than in the ordinary course of business and consistent with past practice) or issue bonds or warrants that are secured by a pledge of or a charge upon Net Revenues, the Municipal Utility or the Municipal Utility Revenue Fund without the prior written consent of the Bondholder. Notwithstanding the foregoing, refunding bonds may be issued without the prior written consent of the Bondholder so long as proceeds of such refunding bond are applied to redeem such bond in full.

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Section 12. Defeasance. If money and/or Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bond or a portion thereof (in Authorized Denominations) in accordance with its terms, are set aside in a special account to effect such prepayment and retirement, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bond or portion thereof so provided for, and the Bond or portion thereof shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the money so set aside and pledged, and the Bond or portion thereof shall be deemed not to be outstanding hereunder. Notwithstanding the foregoing, the Bond may not be defeased so long as the United States of America is the Registered Owner of the Bond.

Section 13. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like amount, date, and tenor to the Registered Owner upon such owner's paying the expenses and charges of the City in connection with preparation and authentication of the replacement Bond and upon his or her filing with the Registrar evidence satisfactory to the Registrar that the Bond was actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City with indemnity satisfactory to the Registrar.

Section 14. Form of the Bond. The Bond shall be in substantially the following form:

NO. R-1		\$913,000
	UNITED STATES OF AMERICA STATE OF ALASKA	
	CITY OF BETHEL UTILITY REVENUE REFUNDING BOND, 2018 (Taxable) (referred to herein as the "Bond")	

INTEREST RATE: SEE BELOW

FINAL MATURITY DATE:

SEE BELOW

REGISTERED OWNER: United States of America

PRINCIPAL AMOUNT: Nine Hundred Thirteen Thousand and No/100 Dollars (\$913,000)

The City of Bethel, Alaska (the "City"), a municipal corporation organized and existing under and by the laws and Constitution of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay (but only out of the Revenues, as defined in the Bond Resolution hereinafter mentioned) to the Registered

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Owner, or registered assigns, the principal amount specified above (subject to terms and conditions herein described), together with accrued interest thereon. Principal amounts outstanding under the terms this Bond shall bear interest at a fixed rate of interest equal to _____ percent per annum (the "Applicable Rate"). Interest shall be computed on the basis of a 365-day year consisting of twelve 30-day months.

Principal of, and interest on, this Bond shall be payable annually on _____ of each year commencing _____, 20____, and continuing through _____, 2058, when the remaining principal of this Bond, plus accrued and unpaid interest, shall be due and payable. Schedule A attached hereto, and incorporated herein, sets for payment amounts and dates.

Principal of, interest, and premium, if any, on this Bond are payable solely out of the special fund of the City known as the "Municipal Utility Revenue Bond Fund" (the "Bond Fund") created and established by Resolution No. 18-15 of the City. Both principal of and interest on this Bond are payable in lawful money of the United States of America by check or draft of the Finance Director of the City as registrar and paying agent for this Bond (the "Registrar"). Upon final payment of all principal of and interest on this Bond, this Bond shall be submitted to the Registrar for cancellation and surrender.

THIS BOND IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM AND SECURED BY A LIEN ON REVENUES DERIVED FROM THE CITY'S MUNICIPAL UTILITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

This Bond is issued pursuant to Resolution No. 18-15, passed by the City Council on _____, 2018 (the "Bond Resolution"), to refund its Utility Revenue Bond, 2017 the proceeds of which financed capital costs of the City's Municipal Utility delivery system and related costs. Capitalized terms used in this Bond and not otherwise defined herein shall have the meanings assigned those terms in the Bond Resolution.

The City does hereby pledge and bind itself to set aside from the Municipal Utility Revenue Fund of the City, and to pay into the Bond Fund and the Accounts therein, the various amounts required by the Bond Resolution to be paid into and maintained in said Fund and Accounts, all within the times provided by the Bond Resolution. The City has further pledged and bound itself to pay into the Municipal Utility Revenue Fund as collected, all Revenues of the Municipal Utility.

The amounts so pledged to be paid out of the Municipal Utility Revenue Fund into the Bond Fund and Accounts are hereby declared to be a prior lien and charge upon the money in the Municipal Utility Revenue Fund superior to all other charges of any kind or

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nature except the Costs of Maintenance and Operation of the Municipal Utility and equal in rank to the charges on the money in the Bond Fund to pay and secure the payment of the Bond.

This Bond is subject to optional redemption as set forth in the Bond Resolution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

THIS BOND MAY ONLY BE TRANSFERRED IN AUTHORIZED DENOMINATIONS TO (I) AN AFFILIATE OF PURCHASER, (II) A TRUST OR OTHER CUSTODIAL ARRANGEMENT ESTABLISHED BY PURCHASER OR ONE OF ITS AFFILIATES, THE OWNERS OF THE BENEFICIAL INTERESTS IN WHICH ARE LIMITED TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (III) A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER AND A COMMERCIAL BANK HAVING CAPITAL AND SURPLUS, DETERMINED AS OF THE DATE OF ANY TRANSFER, OF \$50,000,000 OR MORE THAT HAS EXECUTED AND DELIVERED TO PURCHASER AND CITY INVESTOR LETTERS IN THE FORM OF EXHIBIT A TO THE BOND RESOLUTION. THE PERSONS AND ENTITIES IDENTIFIED IN CLAUSES (I) AND (II) OF THE FOREGOING SENTENCE SHALL BE REFERRED TO AS THE "ELIGIBLE TRANSFEREE(S)." NOTWITHSTANDING THE FOREGOING, IF THE PRINCIPAL AMOUNT OF THE OUTSTANDING BOND IS LESS THAN \$250,000, THE BOND MAY NOT BE TRANSFERRED TO ANY ELIGIBLE TRANSFEREE WITHOUT THE PRIOR WRITTEN CONSENT OF THE CITY.

It is hereby certified and declared that this Bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and ordinances and resolutions of the City, that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, been done and performed, and that this Bond does not exceed any Constitutional or statutory limitations.

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IN WITNESS WHEREOF, the City of Bethel, Alaska, has caused this Bond to be signed on behalf of the City with the manual or facsimile signature of the City Manager, to be attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon, as of this ____ day of _____, 2018.

CITY OF BETHEL, ALASKA

By _____ /s/ _____
City Manager

[SEAL]

ATTEST:

_____/s/_____
Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is the City of Bethel, Alaska, Utility Revenue Refunding Bond, 2018 dated _____, 2018, as described in the Bond Resolution.

_____/

City of Bethel, Alaska, as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code of Transferee)

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as agent to transfer said bond on the books kept by the Registrar for registration thereof, with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

SCHEDULE A

PAYMENT SCHEDULE

[END OF FORM OF BOND]

Section 15. Execution of the Bond. The Bond shall be signed on behalf of the City by the manual or facsimile signature of the City Manager, shall be attested by the manual or facsimile signature of the City Clerk, and the seal of the City shall be impressed or imprinted thereon. The Bond shall be delivered in physical form to the Bondholder.

Only a Bond that bears a Certificate of Authentication in the form set forth in Section 14 hereof, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. The executed Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, registered, and delivered hereunder and is entitled to the benefits of this resolution.

In case any of the officers of the City who have signed, attested, authenticated, registered or sealed the Bond cease to be such officers before the Bond so signed, attested, authenticated, registered or sealed has been actually issued and delivered, that Bond shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed, attested, authenticated, registered or sealed that Bond had not ceased to be such officers. The Bond may also be signed, attested, authenticated, registered or sealed on behalf of the City by such persons as at the actual date of execution of the Bond shall be the proper officers of the City although at the original date of the Bond any such person was not such officer.

Section 16. Covenants and Agreements of the City.

(a) In addition to any other covenants and agreements of the City contained in this resolution, the City further covenants and agrees that no placement agent shall be involved in the sale of the Bond and that the Bond shall not be (i) assigned a rating by any credit rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) offered for sell pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

(b) The City agrees that, for the term of the Bond, the Bondholder shall receive the benefit of all existing and subsequent covenants, defaults and remedies made by the City with respect to Parity Bonds.

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
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Section 17. Sale of the Bond. The City Manager and Finance Director are each authorized to complete the sale of the Bond to the Purchaser on terms and conditions consistent with this resolution, the Loan Resolution and the Letter of Conditions.

The City Manager and Finance Director are each hereby authorized to approve the final maturity date and interest rate on the Bond; provided, however, the true interest rate on the Bond shall not exceed 4.00 percent.

Section 18. General Authorization; Prior Acts. The Mayor, City Manager, Finance Director, City Attorney, City Clerk, and other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. The City Manager is hereby authorized to execute the Bond on behalf of the City. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 19. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 20. Effective Date. This resolution shall be in full force and effect immediately upon passage by the Council and publication.

PASSED AND APPROVED by the City Council of the City of Bethel, Alaska, at a regular meeting of the Council held on October 23, 2018.



Fred Watson, Mayor

ATTEST:



Lori Strickler
City Clerk

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

EXHIBIT A
FORM OF INVESTOR LETTER

The undersigned, an authorized representative of the Purchaser, hereby represents to the City of Bethel, Alaska ("Issuer"):

1. The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Issuer's Utility Revenue Refunding Bond, 2018 ("Bond").
2. The Purchaser has authority to purchase the Bond and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bond.
3. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.
4. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bond. The Purchaser has made its own inquiry and analysis with respect to the Issuer, the Bond and the security therefor, and other material factors affecting the security for and payment of the Bond.
5. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Issuer, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bond and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bond.
6. The Purchaser understands that the Bond (i) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) carries no rating from any credit rating agency.
7. The Bond is being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution.
8. The Bond may not be transferred to any eligible transferee if the outstanding principal is less than \$250,000 without the prior written consent of the Issuer.

By _____
Name _____
Title _____

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

CERTIFICATE

I, the undersigned, duly chosen, qualified and acting City Clerk of the City of Bethel, Alaska (the "City") and keeper of the records of the City Council of the City (the "Council"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. 18-15 of the Council (the "Resolution"), as adopted at a regular meeting of the Council held on October __, 2018, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum of the Council was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2018.

City Clerk, City of Bethel

Introduced by: City Manager Williams
Date: October 23, 2018
Action: Passed
Vote: 5-0

CITY OF BETHEL, ALASKA

RESOLUTION NO. 18-15

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* Neither this table of contents nor the preceding cover page is a part of this Resolution.